

STATE OF NEW JERSEY  
BUREAU OF SECURITIES  
P.O. Box 47029  
Newark, New Jersey 07101  
(973) 504-3600

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IN THE MATTER OF:

Thomas Monahan

CRD # 1192627  
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ORDER OF DENIAL OF  
AGENT REGISTRATION

Thomas Monahan  
1184 Washington Avenue  
Haddonfield, NJ 08003

Morgan Stanley Dean Witter, Inc.  
309 Fellowship Road  
Mount Laurel, NJ 08054

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 et seq., ("Law"), more particularly, N.J.S.A. 49:3-58, and after careful review and due consideration of New York Stock Exchange, Inc. ("NYSE") Hearing Panel Decision 03-81 based on charges contained in a Charge Memorandum issued by the NYSE's Division of Enforcement on April 8, 2002, the Bureau Chief has determined that Thomas Monahan's application for agent registration with Morgan Stanley Dean Witter, Inc. (CRD # 7556), will be **DENIED** for the reasons that follow:

1. Thomas Monahan, ("Monahan") residing at 1184 Washington Avenue, Haddonfield, New Jersey 08003 has been registered with the Bureau as an agent of two different firms between the period beginning November 3, 1987, when he was a registered representative of

Legg Mason Wood Walker, Inc ("Legg Mason") (CRD # 6555), and the present.

2. From October 20, 1999 through November 25, 2002, Monahan was registered in New Jersey as an agent of Morgan Stanley Dean Witter, Inc. ("Morgan Stanley") (CRD # 7556).

Monahan sought to re-register in New Jersey on March 31, 2003, and his registration is currently pending.

3. On June 12, 2003 the NYSE, through an NYSE Hearing Panel, conducted a hearing on charges contained in a Charge Memorandum issued by the NYSE's Division of Enforcement on April 8, 2002 against Thomas Michael Monahan, a registered representative formerly employed by Legg Mason. Monahan was charged with having: (1) making misstatements to a customer regarding the terms of certificates of deposit ("CDs"); (2) effecting trades of CDs at prices away from the market; (3) effecting unauthorized trades in customer accounts; (4) failing to act in the best interests of his customers; and (5) violating NYSE Rule 440 and SEC Rules 17a-3 and 17a-4 by causing his employer to reflect inaccurate purchase and sale prices of CDs on its books and records.

4. The Hearing Panel found Monahan sold long term "step-down" CDs to customers who were interested in and seeking short term investments. Further, Monahan erroneously conveyed to customers the understanding that they had the ability and right to sell these certificates at full face value (par) at certain times, regardless of the actual redemption provisions contained in the instruments. Monahan also arranged for the sale of the CDs to other customers at prices away from the market, failing to act in the best interests of those purchasing customers. The Hearing Panel found that par was not a reasonable price, and thus, Monahan failed his purchasing customers by not giving his best efforts to obtain the best market price for their acquisitions.

5. Accordingly, the Hearing Panel, by unanimous vote, found Monahan guilty of Charges 1, 2, 3 and 4, and not guilty of Charge 5. As a result, Monahan was censured, suspended from membership, allied membership, approved person status, and from employment or association in any capacity with any member or member organization for a period of one year and fined \$25,000.

MONAHAN IS THE SUBJECT OF AN ORDER ENTERED WITHIN THE PAST TWO YEARS BY A SELF-REGULATORY ORGANIZATION SUSPENDING HIM FROM A NATIONAL SECURITIES OR COMMODITIES EXCHANGE OR NATIONAL SECURITIES OR COMMODITIES ASSOCIATION

N.J.S.A. 49:3-58(a)(1)  
N.J.S.A. 49:3-58(a)(2)(vi)

6. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

7. Pursuant to N.J.S.A. 49:3-58(a):

[t]he bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ...(vi)...is the subject of an order of...a self-regulatory organization...suspending or expelling him from a national securities or commodities exchange or national securities or commodities association...

8. Based on the NYSE Hearing Panel Decision of June 12, 2003, the Commission has suspended Monahan for twelve (12) months with sanctions and censure. This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vi) to deny Monahan's registration.

9. Based upon the foregoing, the denial of Monahan's application for registration as an agent is in the public interest and necessary for the protection of investors.



MONAHAN HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE  
SECURITIES BUSINESS  
N.J.S.A. 49:3-58(a)(2)(vii)


10. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

11. The foregoing conduct by Monahan constitutes dishonest or unethical practices in the securities business, which is good cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), and it is in the public interest, pursuant to N.J.S.A. 49:3-58(a)(1), to deny Monahan's application for agent registration with Morgan Stanley Inc..

12. Based upon the foregoing, the denial of Monahan's application for agent registration is in the public interest and necessary for the protection of investors.

CONCLUSION

For the reasons stated above, it is on this 6th DAY of August <sup>2003</sup> **ORDERED** that the agent registration of Thomas Monahan with Morgan Stanley Dean Witter, Inc. be **DENIED** pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vi) and (vii).

  
Franklin L. Widmann  
Chief, Bureau of Securities

DATED: August 6, 2003

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., specifically, N.J.S.A. 49:3-58(c)(2), upon service of notice of the order issued by the bureau chief, the

applicant or registrant shall have up to 15 days to respond to the bureau in the form of a written request for a hearing, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

#### NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.